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DEPARTMENT FOR INR/R/MR, EAP/TC, EAP/PA, EAP/PD - ERIC BARBORIAK
DEPARTMENT PASS AIT/WASHINGTON

SIPDIS

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SUBJECT: MEDIA REACTION: U.S.-TAIWAN RELATIONS

¶1. Summary: Taiwan's dailies gave significant news and editorial coverage May 27-30 to alleged involvement in the snowballing insider trading scandal by President Chen Shui-bian's son-in-law, who was detained last Thursday, and to the pan-Blue and pan-Green camps' reactions to these developments. News coverage also focused on the KMT and DPP primaries for the year-end Taipei and Kaohsiung mayoral races, the Indonesian earthquake Saturday, and a local train accident turned murder case. The pro-status quo "China Times" reported May 28 on the results of its latest poll, which showed that President Chen's approval rating has dropped to a new low of 21 percent; 65 percent of the public question his moral credibility, and nearly 60 percent believe Chen does not have the ability to govern the country.

¶2. The Chinese-language Taipei dailies all editorialized on Chen's son-in-law's case and the current predicament facing Chen and the DPP. The English-language papers, however, commented on the recent visit by Deputy U.S. Trade Representative Karan Bhatia to Taiwan and the U.S.-Taiwan trade relationship. An editorial in the limited-circulation, pro-independence, English-language "Taipei Times" urged Taiwan to try to sign Free Trade Agreements (FTAs) with allies in Central America, so that Taiwan businesses can make inroads into these countries and gain free access to the European and U.S. markets by utilizing their FTA networks. The editorials in the limited-circulation, conservative, pro-unification, English-language "China Post" urged Chen to take Bhatia's advice with regard to cross-Straits trade policy and not to overlook the U.S. warning. A separate "Taipei Times" editorial commented on the Pentagon's 2006 report on Chinese military power, saying the report "does not provide any dramatic new insights, but it does remind the wavering reader that the Chinese military is more ambitious, more skilled, better armed, is deadly serious in its intention and is preparing to strike Taiwan when the time is right." End summary.

A) "Looking Beyond the US for Trade"

The pro-independence, English-language "Taipei Times" [circulation: 30,000] editorialized (5/29):

"Deputy US Trade Representative Karan Bhatia's remarks on Friday that it was not the right time to initiate free-trade talks between Washington and Taipei were not unexpected. It's not the first time the US government has said so. The message from Bhatia also did not appear to catch the government off guard, because the two governments have different strategies in terms of their pursuit of bilateral free-trade agreements (FTAs). ...

"Taiwan, as the US' eight-largest trading partner, ranks higher than many countries with which the US has concluded such agreements - such as Chile, Jordan, Morocco and several countries in the Central America. As such, Taiwan believes it deserves a higher priority for

a trade pact. It appears that President Chen Shui-bian's government sees a potential Taiwan-US FTA as serving as a model for other countries to follow suit -helping to prevent China from excluding Taiwan from regional economic blocs while encouraging Beijing to engage Taiwan in dialogue on cross-strait trade. The US, on the other hand, focuses its FTA talks mainly on geopolitical considerations. ...

"Nevertheless, while the need for bilateral free-trade talks is increasingly recognized by countries all over the world, Taiwan does differ from the US not just at the business level but at the strategic level. The question for Taiwan is whether the government can outgrow the previous trade policy, which blindly follows the US.

While the need to seek a FTA with the US still exists, the government should rethink its FTA targets. It should continue to seek FTAs with allies in Central American and try to overcome the China factor by pushing forward free-trade consultations with countries such as Singapore, Chile and Mexico. ... If Taiwan can conclude agreements with these nations, Taiwanese businesses will be able to make inroads into these countries and gain free access to the European and US markets by utilizing their FTA networks."

B) "Chen Neglects U.S. Warnings"

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] wrote in an editorial (5/30):

"Last week, the U.S. issued two unprecedented blunt warnings against President Chen Shui-bian and his government, but they were overshadowed by sensational stories of corruption scandals surrounding the president's family and his close aides as well as the mysterious train accident turned murder case. Representatives of Taiwan's mentor and protector came here to openly voice U.S. displeasure with the Chen administration's mainland policy, pursuit of independence and its constitutional reform plan. But not many people paid attention to them.

"Over the past week, both the print and the electronic media devoted most of their space and time to the two sensational domestic stories that the official visit of U.S. Deputy Trade Representative Karan K. Bhatia was scantily reported. The same was with that of Alan Romberg, dubbed a 'true voice of Washington's Asia policy circle,' who was the State Department's deputy spokesman under the Reagan administration and principal deputy director of Policy Planning Staff under Clinton. ...

"To challenge the U.S. 'one China' policy is to undermine Taiwan's close relationship with America. But Chen is too preoccupied with salvaging his scandal-plagued presidency to heed warnings of Taiwan's closest ally."

C) "For Once, Let's Take America's Advice"

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (5/28):

"... Ambassador Karan K. Bhatia, Deputy U.S. Trade Representative responsible for Asia-Pacific affairs, openly called on President Chen's administration to reverse its policy of discouraging trade and investment between Taiwan and the mainland. ... While we don't have any problem with Ambassador Bhatia's message, it was a bit surprising that he publicly challenged President Chen's policies during the visit. This was surely a major blow to President Chen's administration following a series of embarrassing spats with our most important ally over cross-strait policy. ...

"It seems that despite all of the warnings President Chen has received on this issue, he remains determined to persuade Washington to go along with his plans to erect more barriers to cross strait economic interaction. ... Frankly, it is long overdue for President Chen to listen to the advice we have received from our American friends for many years. If we continue ignoring the opinions of our strongest ally in the world, it is likely that someday soon our friends in Washington will grow tired of waiting for us to make up our minds. ..."

D) "US Defense Paper Misses One Target"

The pro-independence, English-language "Taipei Times" [circulation: 30,000] commented in an editorial (5/27):

"One of the more intriguing sections of 'Military Power of the People's Republic of China 2006,' this year's US Department of Defense report to Congress, refers to the increasing use by China's military of ancient warfare and strategic texts such as Sun Zi and Sun Bin. In particular, the study and implementation of 'strategic deception' has become entrenched in the Chinese military, the report says. Then, in the next paragraph, the report expresses concern at the lack of transparency in Chinese military affairs: 'China takes a selective approach to transparency restricted to secondary areas of military activity such as military exchanges, joint exercises, and confidence-building measures involving visits to previously secret facilities.' Which is just a polite way of saying that the Chinese can't be trusted, and that the slogan 'peaceful rise' is little more than public relations pap. Reinforcing this is the report's skepticism that China's 'no first use' policy for nuclear weapons will continue unamended as its nuclear arsenal expands. ...

"The report's discussion of cross-strait tensions offers up the chestnut that there exists a 'status quo' to be disrupted, even as it contends that the flowering of missiles along the Chinese coast constitutes only a threat to and not destroyer of this 'status quo.' Even at the Pentagon, how remarkable it is that the bar for China to wound the 'status quo' is set so high - and how low the bar is set for Taiwanese leaders. The Chinese can walk under it; the Taiwanese regularly trip over it. ...

Disappointedly, though, the report makes no mention of the Taiwanese domestic angle in China's 'defense' affairs. Taiwan is presented as more or less monolithic, united but slothful, 'modest' in its commitment to defense. There is a certain amount of tiptoeing going on here, which is not unexpected. ...

"Overall, the 2006 report does not provide any dramatic new insights, but it does remind the wavering reader that the Chinese military is more ambitious, more skilled, better armed, is deadly serious in its intention and is preparing to strike Taiwan when the time is right."

KEEGAN